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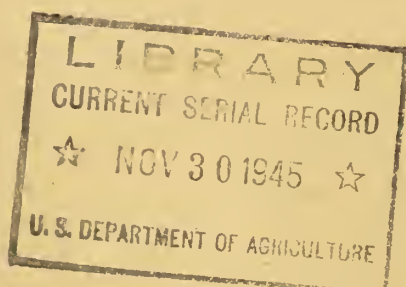
Foreign Crops and MARKETS



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LATE FOREIGN DEVELOPMENTS . . .

ARGENTINE WHEAT SEEDING PROGRESS

Soil condition is generally favorable in Argentina, and wheat seeding is making good progress, according to recent reports. Some acreage increase is said to be anticipated for wheat, but no material change is expected in oats, barley, or rye acreages.

CANADA REPORTS HIGH FLOUR PRODUCTION

Canadian wheat-flour production reached the high level of 2,267,307 barrels in March. This was reported as the highest production for any month in the past 18 years, and represented grindings of 9,931,561 bushels of wheat.

CANADIAN GOVERNMENT ESTABLISHES NEW CEILING PRICES FOR PEANUTS

New ceiling prices for roasted and salted peanuts came into effect in Canada on April 12, 1944. They are intended to approximate the levels at which Mexican and American peanuts would have sold in the basic period had their importation been permitted. Basic-period prices for peanuts imported from China and India represented peanuts of inferior quality. Price ceilings for unshelled peanuts, green or dry roasted, are based on the laid-down cost of green unshelled peanuts at point of customs clearance but not exceeding 13.5 cents per pound, 6.0 cents more if shelled. Roasted shelled peanuts, restricted to candy manufacturers heretofore, may now be sold to the public.

CUBA EXPERIENCES LONG DROUGHT

For the second year in succession, Cuba has experienced an extreme drought during the 5 months December-June. In those months this season Cuba's rainfall averaged only about 4 inches compared with a normal of about 10 inches. The drought has been particularly severe in the main agricultural areas on the eastern end of the island, where rainfall has averaged only about 30 percent of normal, and in many areas there has been no rain since December 1. While the dry weather resulted in relatively high sucrose yields, it also brought about a severe shortage of pasture for beef and dairy production. In addition, it is interfering with the preparation of land for spring crops, particularly for corn and peanuts.

INDIA TO ESTABLISH ARTIFICIAL FERTILIZER INDUSTRY

Representatives from the six major Provinces of India met with the supply member of the Viceroy's Executive Council recently for the purpose of determining what steps should be taken in order to produce in India 350,000 tons of artificial fertilizers as a short-term measure to increase food production. It was agreed that artificial fertilizers should be produced on a nonprofit basis by Government-controlled plants and that the major part, if not all, of the capital should be provided by the Central and Provincial Governments and by the Indian States willing to participate. The Secretary of State for India will send out experts shortly to decide what fertilizers can be manufactured most economically and the most suitable location for the plants.

Gordon P. Boals, in charge

AUSTRALIA EXPECTS INCREASED WHEAT ACREAGE

Present indications point to a slight increase in the wheat acreage now being seeded in Australia, though it is expected to fall short of the goal of 9 million acres, according to recent reports. The 1944 goal, as set at 9 million acres, aimed at some increase over the 8.3 million acres seeded in 1943, though it would be, with that exception, the smallest acreage reported since 1919. Unfavorable weather conditions, as well as shortages of farm labor and of superphosphates, are the factors thought likely to limit the wheat acreage to a lower figure than the goal set. Those limitations may at least partly offset the expansion which would otherwise be expected to result from the more favorable price advance recently set on nonquota wheat.

Weather conditions have been relatively unfavorable during the early part of 1944, with below-average rainfall reported over most of New South Wales, Victoria, South Australia, and Western Australia. Rainfall over a large part of Victoria and New South Wales in early April was beneficial, but further rains were needed to put the soil in good condition for seeding. Conditions in Queensland, where wheat grown is a relatively unimportant part of the country's total, have been generally favorable as the result of good rains received in February. In many of the more important wheat districts preparation of the land for seeding was delayed by the dry condition of the soil.

Early this year the Government made an appeal to wheat growers throughout the country and especially those in the eastern States of New South Wales and Victoria to grow as much wheat as possible on their registered acreage. Some expansion was also hoped for in Queensland, where not enough wheat is grown to fill that State's needs. It was pointed out that many growers throughout the country have not seeded their full licensed acreage during the past two seasons. (Under Australia's wheat Stabilization plan, acreage may be licensed to the extent of the average acreage sown during the three seasons, 1938-39 to 1940-41, with exceptions as decreed.) The present goal of 9 million acres was arrived at as being the highest figure likely to be achieved under the present limitations of labor and fertilizer scarcity.

In order to encourage larger seedings, the Government announced in mid-February that the first advance on nonquota wheat (that part of a grower's crop in excess of 3,000 bushels) would be at the rate of 3s. (48 cents) per bushel for bagged wheat of the 1944-45 crop. This represents a substantial increase over the advance of 2s.1-1/3d. (34 cents) for nonquota wheat of the preceding crop. The new basis of payment was announced early in the season as a means of encouraging expanded seedings, particularly on larger farms. Advances on the first 3,000 bushels or "quota wheat" remains unchanged at 4s.1-1/3d. (about 67 cents) for bagged grain at growers' sidings.

The 1943-44 wheat crop is now estimated at 108 million bushels, compared with the previous crop of 154 million, and the pre-war average of 160 million bushels. The small 1943 production was the result of greatly curtailed acreage and of drought. Compensating for the small outturn, however, the carry-over at the beginning of the

current year was the largest on record and, as estimated at around 153 million bushels, contrasts with the normal pre-war carry-over stocks of around 16 million bushels. The resulting supply at the beginning of the year was indicated at the all-time record of 266 million bushels. Allowing for increased domestic needs, it is estimated that from 190 to 200 million bushels will be available for export during the year or for carry-over into the next season.

Supplies were reported to be fairly evenly divided among the four principal wheat States, with more than 50 million bushels available in each of the four. The largest holdings were reported for New South Wales, where supplies were placed at about 70 million bushels. Export markets for Australian wheat have improved during the current marketing year, which is tending to ease the strain on storage facilities somewhat.

Exports from New South Wales and Victoria are mostly in the form of flour, which constitutes an important part of total exports. Western Australia and South Australia, on the other hand, have a comparatively small milling capacity, and exports of grain are largely from these States, with bagged wheat moving from South Australia, since Western Australia handles bulk wheat almost exclusively.

Increasing quantities of wheat have been fed since 1942 when a subsidy was granted on wheat for feed. The price for feed was set at 3s.6-3/4d. (57 cents) per bushel, freight paid, and the Government pays the difference between that rate and the Board's price of 4s.0-3/4d. (65 cents) per bushel, for local consumption. Anticipating further expansion in wheat feeding, the current fiscal year's appropriation for this purpose was approved at £730,000, compared with £500,000 for each of the 2 preceding years.

The f.a.q. standards for Victoria were said to be the highest on record. The least favorable quality was reported for Western Australia where, though quality was said to be reasonably good, it was not up to the high standards of some previous seasons. Variations in the quality during recent years were as follows:

	<u>Pounds per bushel</u>			
	<u>1940-41</u>	<u>1941-42</u>	<u>1942-43</u>	<u>1943-44</u>
New South Wales	62.75	64.00	63.00	64.25
Victoria	64.25	63.75	64.25	65.00
South Australia	63.50	62.50	63.00	64.00
Western Australia	63.50	62.50	62.25	61.25

ARGENTINA ANNOUNCES LARGE SALE OF WHEAT TO SPAIN

The Argentine Government has announced the sale of 1,000,000 tons (36,743,000 bushels) of wheat to the Spanish Government. Wheat of the 1942-43 crop is expected to be used in filling the contract until those stocks are exhausted, and new-crop wheat (1943-44) will then fill the remainder. Shipment is expected to be at the rate of around 60,000 tons (2,220,000 bushels) per month, according to trade sources. The transaction was reported made at current market prices, which are 10.70 pesos (about 87 cents) for the 1942-43 crop and 12.50 pesos (101 cents) for 1943-44 wheat, basis f.o.b. Buenos Aires, plus storage charges.

VEGETABLE OILS AND OILSEEDS

Fred J. Rossiter, in charge

CANADIAN FLAXSEED ACREAGE MAY NOT REACH 1944 OBJECTIVE

A decline of 30 percent in Canadian flaxseed acreage for 1944 is indicated by the April 30 survey of farmers' intentions to plant, according to a report of the Dominion Bureau of Statistics. If put into effect, this will mean about 900,000 acres less than the 2,948,000 acres harvested last season. Saskatchewan leads the way with a proposed reduction of 729,000 acres. Alberta plans a decrease of 104,000 and Manitoba, 43,000 acres. The 1944 goal, fixed last December, called for a total of 2,800,000 acres in flaxseed.

The Government is urging farmers to maintain their flaxseed acreage in order to meet the critical need of vegetable oils. Flaxseed is the most important material used in the production of these oils, accounting for 74 percent of the 1942 crushings.

Linseed oil serves a number of industries in Canada. Consumption averaged 57 million pounds in 1943 compared with 53 million in 1942. Oil cake and meal occupy a prominent position in the vegetable proteins so greatly needed for livestock feed in the country's wartime agricultural program.

CANADA: Percentages of linseed oil consumed by various industries,
1942 and 1943

TYPE OF INDUSTRY	1942	1943
	Percent	Percent
Paint and varnish industry	71.5	74.6
Fabric-coating industry	17.2	13.8
Oil companies, including core oil	5.0	4.0
Ink manufacturers	2.1	2.2
War and machinery industries	1.6	0.2
Soap manufacturers	1.3	4.2
Other manufacturers	1.3	1.0
Total	100.0	100.0

Dominion Bureau of Statistics, Ottawa.

CUBAN FATS AND OILS SITUATION REMAINS FAVORABLE

The general improvement in the Cuban fats-and-oils stock position reported for March was maintained in April, as local production of peanut oil nearly offset reductions in imports of soybean oil. The severe shortage of inedible fats was relieved by arrivals in March and April of considerable quantities of tallow. While stocks of edible vegetable oils at the beginning of May were about 1 million pounds less than the 11 million pounds on hand on April 1, they were believed to be sufficient at current rates of consumption, for about 5 months' requirements. Lard stocks on May 1 remained at about 19 million pounds.

Imports of edible vegetable oils, mostly soybean oil from the United States in the first 4 months of 1944 were about 90 percent under those for the same period in 1943, but local production of peanut oil in that period exceeded domestic requirements. Crushing of peanuts from the 1943 crop, however, is nearing completion, and stocks are expected to be vitrually exhausted by the time oil from the next crop arrives in October, unless imports are increased considerably in intervening months. The Office of Price Regulation and Supply in Cuba has requested that the entire amount of edible vegetable oils allocated to Cuba by the Combined Food Board for 1944 be made available before September 1 in order to avoid too heavy a depletion in stocks.

Present indications are that the 1944 peanut crop will not be as large as that of 1943, estimated at about 95 million pounds in the shell. Extreme drought prevailed in Cuba during December through April, with rainfall only 30 to 40 percent of normal, delaying the preparation of land for spring planting, and the area planted was reduced accordingly. The long period required for harvesting and crushing the large sugar-cane crop this year has detracted from the labor supply that otherwise would have been freed earlier for the planting of peanuts.

Preliminary data indicate that imports of lard during the first 4 months of 1944 were 25 percent less than during the corresponding period of 1943, while imports of industrial fats, mostly tallow from Argentina and the United States, increased by 90 percent. Consumption of all fats and oils is highest at this time of year when work in connection with the sugarcane harvest is heavy. Lard consumption averages 6 to 7 million pounds monthly at this time, or slightly more than the sum of imports and local production for March and April. The estimated stocks of about 19 million pounds are sufficient for about 3 months' requirements. No difficulties are expected in the procurement of new supplies, since the quantity of United States lard allocated for 1944 by the Combined Food Board is expected to be available. Local production averages about 600,000 pounds per month.

Industrial tallow is used principally in the manufacture of soap, and to a lesser extent in paint, candles, and matches. Manufacturers of these products are consuming imported industrial fats at the rate of 2 million pounds monthly. Stocks and imports were exceptionally low for nearly a year until March 1944, when sizeable shipments of tallow, stearic acid, and linseed oil were received. Imports in March and April were sufficient for about 3 months' requirements at the current rate of operations. The allocation by the Combined Food Board of industrial tallow to Cuba for 1944 is expected to prevent a repetition of the periods of extreme shortage experienced late in 1943 and early in 1944.

Local production of tallow normally averages about 800,000 pounds per month but was reduced in recent months to around 500,000 pounds, because of drought, low cattle weight, and diversion of slaughter to small packers who trim less fat from the meat than is customarily done by larger packers.

A castor-bean-crushing plant, with a production capacity of 5.5 million pounds of beans annually, began operations in Habana about the middle of 1943. About 60 percent of the beans crushed thus far were imported from Haiti. Up to 7.5 million pounds of castor beans may be imported annually for 2 years free of duty, provided the company undertakes to plant 100 acres for each million pounds imported.

FRUITS, VEGETABLES, AND NUTS . . .

Fred A. Motz, in charge

LARGE APPLE CROP REPORTED FOR TASMANIA

A revised estimate places the 1944 apple crop in the State of Tasmania, Australia, at around 6,250,000 bushels. This compares with an earlier estimate of 5,900,000 bushels and the 5-year (1938-1942) average of 5,404,000 bushels. Weather conditions throughout the growing period were reported as favorable and the quality as well as the quantity as being better than usual. Apricots and cherries, on the other hand, were badly damaged by January rains, and production was well below normal.

There is said to be a growing interest in cooperative undertakings for the marketing of fruit in Tasmania. This interest is attributed largely to increased production costs and to fears of a possible loss of export outlets after the war, should cheaper supplies from other sources become available.

AUSTRALIAN DRIED-APPLE PRODUCTION DOUBLED

Australian dried-apple production has increased by more than 100 percent since the outbreak of war, according to recent official announcements. Out of the 1943-44 apple crop, a total of 4,000 long tons of dried apples is expected to be processed as against 2,000 tons last year, and the pre-war average of 350 tons annually. A total of 2,750,000 bushels of apples will be necessary to take care of all processed requirements, such as dried, canned, sauce, and butter.

CUBAN VEGETABLE EXPORTS STILL BELOW NORMAL

Cuban exports of fresh vegetables during the 1943-44 season were much higher than in 1942-43, but they were still far below pre-war normal levels. Growers abandoned any serious attempt to grow peppers, lima beans, eggplant, cucumbers, or potatoes for the export market, and concentrated on tomatoes alone. Out of total shipments of 23 million pounds of vegetables during the season, about 21 million pounds, or 89 percent, consisted of tomatoes, which normally accounted for only 60 to 65 percent. Although the 1943-44 tomatoes shipments were over three-and-one half times the quantities shipped last season, they were only two-thirds as large as the 1941-42 movement and only about two-fifths of the usual pre-war exports of 50 million pounds per season.

FRESH VEGETABLES: Shipments from Habana to the United States

November - April, 1941-42 to 1943-44

KIND OF : NOVEMBER - APRIL				KIND OF : NOVEMBER - APRIL			
VEGETABLE	1941-42	1942-43	1943-44	VEGETABLE	1941-42	1942-43	1943-44
	1,000	1,000	1,000		1,000	1,000	1,000
	pounds	pounds	pounds		pounds	pounds	pounds
Tomatoes ...	30,266:	5,868:	20,548:	Lima beans :	3,502:	0:	0
Eggplant ...	5,638:	208:	283:	Cucumbers ..	3,157:	116:	770
Peppers	3,432:	317:	49:	Potatoes ...	200:	0:	0
Okra	1,331:	88:	265:	Others :	717:	367:	1,061
Total ...				48,243: 6,964: 22,976			

Compiled from consular report.

CUBA SUBSIDIZES CATTLE PRODUCERS TO RELIEVE HABANA BEEF SHORTAGE

In an effort to relieve the current beef shortage in the city of Habana the Cuban Government recently announced that a subsidy would be paid to all producers sending live cattle to that market. The subsidy amounts to 75 cents per 100 Spanish pounds (1 Spanish pound equals 1.014 United States pounds) live weight and is limited to cattle shipped to the Habana market from the date of promulgation until June 30.

During the week of April 24-29, when the subsidy was announced, there was no slaughtering of cattle in the Habana market. The explanation given was the uncertainty on the part of cattlemen and packers as to whether the Government would actually pay a subsidy. Slaughter outside of Habana also was suspended, awaiting clarification of the subsidy plan. Later in the same week, Habana packers purchased substantial numbers of cattle at the subsidy price. At least five train loads of cattle were expected to arrive in Habana the week following, carrying possibly about 1,000 head, or a sufficient number for 3 days' consumption.

The subsidy plan is not expected to afford the Habana market permanent relief from the beef shortage, as already the price of cattle for slaughter outside that market has risen slightly above the subsidy price. The shortage is expected to continue until pastures in Cuba are restored to normal condition following the drought. The situation probably will improve by mid-June, as at that time it is expected that rural purchasing power will decrease following the close of the sugar harvesting season, and the beginning of the rainy season.

To help relieve the present beef situation, several officials of the Cuban Government favor suspension of the high duties and strict sanitary regulations so that beef may be imported more freely. Specifically, much consideration is being given to removing the duty on tasajo (dried jerked beef) from Uruguay. More recently the Cuban press reported that the Office of Regulation and Supply had asked the Director of Supplies to permit free importation of refrigerated beef, limit the sale and consumption of beef to 3 days a week throughout the Island, subsidize packing house workers, and prohibit the slaughter of cows and of all steers weighing less than 750 pounds.

SOUTH AFRICAN HOG PRODUCERS WANT HELP

South African hog producers are reported to be dissatisfied with present marketing conditions. During the first 2-years of the war hog prices were relatively favorable, and production was greatly expanded. Recently, however, several factors have developed that tend to discourage producers. Among them are higher production costs; the disappearance of the convoy trade; the embodiment until recently of pork and pork products in the meatless-day and hotel-breakfast restrictions; and the restriction placed on exports.

Through the persistent efforts of the South African Pig Development Association most of the restrictions on the use of pork were recently removed. Bacon has been

restored to the hotel breakfast table and all other restrictions on consumption lifted. Hog producers believe, however, that the restoration of export facilities and the fixing of prices by the Government at a substantially higher level are needed if the hog industry in South Africa is to maintain its present position.

The President of the Pig Development Association expressed criticism of the hinderances placed on hog producers in view of the shortage of meat in urban centers. He stated that no provision had been made for minimum prices, although maximum retail prices for hog products are in effect. Reference was also made to the withholding of winter grains and other feedstuffs.

A clear profit of 1.25d. (2 cents) per pound on first and second grade baconers and 1.50d (2.5 cents) on prime porkers was suggested as reasonable. Unless some inducement is offered hog producers in the Union it is believed that many will reduce numbers or go out of the business.

Hog production in the Union of South Africa is not as highly developed as might be expected, considering the large production of feed suitable for hogs, especially corn. One reason for this is that the Union is sparsely populated, and local marketing facilities are not conducive to the development of hog raising on an extensive scale.

The relatively unimportant position of the hog industry, as compared with the cattle and sheep industries, is indicated by the fact that when hogs numbered only 965,000 in 1933, cattle totaled 12,060,000 and the number of sheep was 38,406,000. Beef and veal furnishes the bulk of the Union's commercial meat supply but the production of all meats has been stimulated since the war began as a result of higher prices and increased demand. Slaughter in 1943, however, showed a decrease, the first since the war began. Slaughter at the principal abattoirs in 1943 is probably not so representative of total slaughter as in normal years because of the increasing volume of slaughter that has taken place outside the urban centers where meat control has been in operation. Farmers could market to better advantage where slaughter quotas and maximum prices for meat were not in effect.

Meat Control at first was restricted to a few of the larger cities, namely, Pretoria, Capetown, Durban, and Witwatersrand, but since the controlled prices there led farmers to market more livestock elsewhere, causing a meat shortage to develop in those cities, the Control was extended in the fall of 1943 to include other cities.

Recent reports from the Union indicate that the shortage of meat in urban centers still exists. The Commission formed for the purpose of investigating the meat situation has recommended the extension of the Control to all the larger urban centers, and that ceiling prices be placed on meats and prices to producers be fixed.

1/ See Foreign Crops and Markets, May 8, 1944, for further details.

UNION OF SOUTH AFRICA: Estimated total slaughter and meat production
1938-1943

YEAR	SLAUGHTER a/			MEAT PRODUCTION b/		
	CATTLE	SHEEP	HOGS c/	BEEF	MUTTON,	PORK c/
	AND CALVES	AND GOATS		AND VEAL	LAMB, AND	
					GOAT MEAT	
	1,000	1,000	1,000	Million	Million	Million
	head	head	head	pounds	pounds	pounds
1938	921	5,943	291	485	214	36
1939	1,009	6,269	287	498	226	36
1940	1,114	6,943	330	551	250	41
1941	1,278	8,430	420	631	303	52
1942	1,384	8,902	480	684	320	60
1943	1,350	7,705	460	667	279	58

a/ Estimates, including uncontrolled and farm slaughter. Figures for 1939 to date are based on the index of slaughter at abattoirs and the percentage abattoir slaughter represented of total slaughter.

b/ Official average dressed carcass weights used in estimating production.

c/ Excludes farm slaughter.

PARAGUAYAN MEAT EXPORTS LARGEST ON RECORD

Paraguayan exports of meat, principally beef, reached an all-time high in 1943 as a result of good prices and the continued demand of the United Nations for meat. Shipments that year amounted to 35,412,000 pounds, an increase of 21 percent above 1942 and 3 percent above the previous record exports of 1941. Almost all of the meat, consisting of canned corned beef, tongue, kidneys, and brisket, went to the United Kingdom.

PARAGUAY: Exports of canned meat, 1940-1943

KIND OF MEAT				
	1940	1941	1942	1943
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Corned beef	20,094	33,893	28,745	34,630
Tongue	212	254	127	324
Kidney	0	11	2/	75
Brisket	32	65	312	383
Total	20,338	34,223	29,184	35,412

Compiled from official sources.

a/ Less than 500 pounds.

Exports from Paraguay to the United States were very small in 1943, amounting to only 278,000 pounds of canned corned beef. Paraguayan exports of canned meat to the United States averaged 7 million pounds during the 5 years 1937-1941.

Slaughter of cattle at meat-packing plants totaled 169,000 head, an increase of 14 percent above 1942, despite the Paraguayan Government's restrictions limiting slaughter. The 54,000 head imported from Argentina constituted an important contributing factor in the larger production. About half the commercial slaughter of cattle in Paraguay is done at packing plants.

PARAGUAY ESTABLISHES MINIMUM WAGES FOR RANCH WORKERS

Workers on cattle ranches in Paraguay have been aided by a Government ruling that establishes minimum wages for such workers according to sex and age. An order (Resolution 15) of April 8, 1944, established the monthly minimum wage for men workers at 18 guaranies or about \$5.81, and the daily minimum at 1 guarani, or approximately 32 cents. Women over 18 years of age are to get 12 guaranies, or \$3.87 per month or about 23 cents per day. Workers under 18 years of age, both male and female, will get a minimum wage of 10 guaranies, or \$3.23 per month or 13 cents per day. Workers already receiving higher wages are not affected. The employer is obligated to pay higher wages than those already specified when the worker supplies his own tools or equipment.

DROUGHT REDUCES CUBAN MILK PRODUCTION

Milk production in Cuba was seriously affected in April by a severe drought. The condensed-milk supply situation was especially critical, with reserves exhausted and production for the month less than half of the quantity needed to meet the normal monthly consumption of 72,000 cases. Since condensed milk is an essential foodstuff in the diet of Cuban infants and children, and of those in the lower income groups, any shortage at once causes real hardship to much of the island's population.

Some relief from the scarcity was brought about in the middle of April by the arrival of 10,000 cases from the United States. In addition to the reduction in supply created by the drought, price disputes and transfers of dairy workers to more remunerative occupations also adversely affected the supply of dairy products.

The drought of April was the continuation of a spell of dry weather begun in December. Rainfall in that period was about 30 percent of normal, with many areas experiencing no rain whatever. This resulted in a very severe shortage of pasturage, upon which most dairy cattle in Cuba are dependent, and consequently milk production was greatly reduced.

Reserve stocks of butter were exhausted early in the month, with current production being greatly below demand. Manufacture of dried milk also fell short of Cuban requirements. Large reserve stocks of cheese helped to maintain the supply of that commodity, although the shortage of milk necessitated a reduction in its manufacture. To prevent further deflection of milk to cheese production, the Cuban Government on April 10 placed an embargo on cheese exports.

GENERAL AND MISCELLANEOUS . . .

EUROPEAN FOOD OUTLOOK UNFAVORABLE TO AXIS

The 1944-45 outlook in Europe is by no means favorable to the Axis, according to information received in the Office of Foreign Agricultural Relations. The cumulative effect over the war years of shortages in agricultural manpower, fertilizers, draft power, farm equipment, and machinery does not augur well for crop production this year. In addition, the impact of military operations on production and transportation activities in general may have a telling effect on supplies of food in 1944-45.

Thus far during the war, food consumption on the Continent generally, with the exception of the Soviet Union, has been maintained at between 85 and 90 percent of pre-war. Most of the farm population and the preferred-worker groups probably live at approximately pre-war levels. A portion of the nonfarm population in some countries benefits substantially from the black market. This, however, does not alter the fact that grave shortages exist in many quarters. Millions of people are being forced to exist on as little as three-fourths, two-thirds, and even less of their pre-war living standards.

Up to this time, the German people themselves have continued to fare much better with respect to foodstuffs than in World War I, because of expanded output at home supplemented by takings from other Axis and Axis-occupied areas, and to the efficiency of the German food-distribution system. The year 1944, however, may mark a decline in the German food supply. Following long-continued fertilizer shortages, manpower difficulties, and shortages of draft power, a reduction in production seems probable, unless these factors are offset by unusually favorable weather conditions. In addition, it seems reasonable to assume that takings from other countries will be severely curtailed or eliminated. Mass bombings of transportation and storage facilities are interfering with the customary distribution of supplies and are necessitating extensive collective feeding and the relaxation of rationing regulations.

In Australia and Czechoslovakia the food situation remains passable, although the food standards of these countries are somewhat lower than in the Reich proper. Food conditions in the "Government General of Poland," on the other hand, are much worse than in any other area occupied by Germany, except Greece.

In liberated Italy, which normally produces less than it consumes, a large part of the population must continue to depend mainly on imported supplies, especially for bread grains, sugar, and dairy products. In German-occupied Italy, which includes the chief food-producing areas of the country, the situation is likely to continue unsatisfactory, because of increasing unrest among farmers and partial disruption of the distribution system.

In France, where imports from North Africa no longer help to offset heavy deliveries to Germany, a 1943 harvest better than that of 1942 prevented a further decline in food supplies. Hoarding and black-market operations on a substantial

scale still keep rations at much lower levels than are justified by domestic supplies. This results in acute distress to many consumers who are unable to buy in the black market, or to secure food from friends and relatives in the country.

The level of food consumption in Belgium remains very low. Before the war Belgium produced only about half of its food needs, measured on a caloric basis. While efforts to expand production have met with some success, dependence still must be placed on substantial imports from other Axis-controlled areas. In the Netherlands a relatively adequate diet has been maintained by increasing the production of potatoes, grain, and oilseeds at the expense of pastures and by utilizing as food large quantities of grain and potatoes formerly used as feed.

The effect of the war on food supplies appears thus far to have been less marked in Denmark than in most of the other European countries under Nazi domination. Because of the lack of imported feedstuffs, livestock numbers and production have been reduced greatly, although significant recoveries took place in 1943 and early 1944. On the other hand, a larger share of the crops produced has been utilized for direct consumption. By thus altering its agricultural structure to meet wartime conditions, Denmark has made itself independent of food and feed imports while maintaining fairly substantial exports of livestock products as well as of sugar and fish.

The food situation in Norway continues to be unfavorable to the masses of the population, average consumption being between two-thirds and three-fourths of the pre-war level. Among that part of the population which does not have access to supplies from other than officially authorized agencies, there is considerable undernourishment. Even with the existing small bread rations, more than a third of the bread grains must be imported. There is no sugar except that which is imported. Fresh vegetables are scarce, mainly because of requisitions by the Germans. Fresh fish, which also is requisitioned heavily, is often unobtainable except in fishing communities. In Finland and Sweden, conversely, the food situation appears to be somewhat better than it was a year ago.

The Danube Basin is one of the few areas of continental Europe where the 1943 production was definitely larger than that of 1942. The improved situation is attributed mainly to increased production of wheat and rye and to the fact that even in wartime the Balkan peasants continue to plant and harvest their fields about as usual, a good share of the work being done by women and children. As a result, the food situation in Bulgaria, Hungary, Rumania, and Yugoslavia, taken as a whole, is more favorable this season than in 1941-42. In Greece, however, the situation remains unsatisfactory, especially in urban centers.

The Spanish food situation continues to be difficult because of relatively low levels of production, limited possibilities of obtaining supplementary supplies from abroad, and unsatisfactory internal distribution of available supplies. In Portugal, where rationing was introduced this year, short crops and peasant hoarding have caused a deterioration in the food supply. Although there is no serious deficit in the total food supply of Switzerland, consumption in the cities is considerably below pre-war levels.

FOREIGN EXCHANGE

EXCHANGE RATES: Average value in New York of specified currencies,
week ended May 20, 1944 with comparisons a/

COUNTRY	MONETARY UNIT	YEAR 1943	MONTH				WEEK ENDED MAY 1944		
			1942	1943	1944				
			APRIL	APRIL	MARCH	APRIL	6	13	20
			Cents	Cents	Cents	Cents	Cents	Cents	Cents
Argentina <u>b/</u>	Paper peso	29.77	29.77	29.77	29.77	29.77	29.77	29.77	29.77
			<u>c/</u>						
Australia	Pound	322.80	321.50	322.80	322.80	322.80	322.80	322.80	322.80
Brazil <u>d/</u>	Cruzeiro	5.13	5.14	5.13	5.13	5.13	5.13	5.13	5.13
British India	Rupee	30.12	30.12	30.12	30.12	30.12	30.12	30.12	30.12
Canada <u>e/</u>	Dollar	89.98	87.17	90.20	89.33	89.97	90.10	90.67	90.81
Colombia <u>f/</u>	Peso	57.26	57.05	57.28	57.28	57.28	57.28	57.28	57.28
Mexico	Peso	20.58	20.57	20.57	20.58	20.58	20.58	20.58	20.58
New Zealand	Pound	324.20	322.79	324.42	324.42	324.42	324.42	324.42	324.42
South Africa	Pound	398.00	398.00	398.00	398.00	398.00	398.00	398.00	398.00
United Kingdom ...	Pound	403.50	403.50	403.50	403.50	403.50	403.50	403.50	403.50
Uruguay <u>g/</u>	Peso	52.86	52.74	52.75	52.95	52.96	52.96	52.96	52.96

Federal Reserve Board.

a/ Noon buying rates for cable transfers.

b/ Official, regular exports. The special export rate of 23.70 cents, reported beginning March 27, 1941, applies to exchange derived from certain minor exports (e.g. dairy products) to certain countries (e.g. United States), such exchange formerly having been sold in the free market. Quotations nominal.

c/ Free. Quotation of free rate discontinued after February 1, 1943.

d/ Free. Prior to November 1, 1942, the official designation of the Brazilian currency unit was the milreis. Since April 10, 1939, 30 percent of the exchange derived from exports must be turned over at the official buying rate of 6.06 cents, the weighted average value of the milreis being 5.41 cents in 1943, the value of the cruzeiro 5.41 cents in April, 1944 and 5.41 cents in the week ended May 20, 1944. Quotations nominal.

e/ Free. Most transactions between Canada and the United States take place at the official buying and selling rates.

f/ Quotations nominal.

g/ Noncontrolled. Quotations nominal.